

Message Text

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PAGE 01 KUWAIT 01599 241349Z

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FM AMEMBASSY KUWAIT

TO USDOC WASHDC

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AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY TEHRAN

UNCLAS KUWAIT 1599

EO 11652: NA

TAGS: BMEP, EIND, BEXP: KU

SUBJ: MAJOR TRADE OPPORTUNITY: KUWAIT CEMENT COMPANY PLANS
\$50 MILLION EXPANSION

1. EMBASSY HAS BELATEDLY LEARNED KUWAIT CEMENT CO. (KC), ONE OF KUWAIT'S LARGEST INDUSTRIAL COMPANIES OUTSIDE THE PETROLEUM SECTOR, HAS ISSUED A CLOSED TENDER TO EIGHT SELECTED FIRMS FOR CONSTRUCTION OF A PLANT TO SUPPLY 750,000 TONS OF CLINKER FROM INDIGENOUS LIMESTONE RESOURCES AND TO EXPAND THE PRESENT PRODUCTIVE CAPACITY OF THE PRESENT WET-PROCESS CEMENT PLANT FROM 300,000 TO 700,000 TONS ANNUALLY. KUWAIT CEMENT USED THE SWISS FIRM HOLDER-BANK AS CONSULTANTS IN PLANNING AND DRAWING UP THE TENDER DOCUMENTS FOR THE EXPANSION. HOLDER-BANK AND KC OFFICIALS ORIGINALLY INVITED SEVEN FIRMS TO BID, ALL EUROPEAN OR JAPANESE. HOWEVER, AT THE URGING OF SEVERAL KC BOARD MEMBERS THE FULLER CO OF CATASQUA, PENNSYLVANIA WAS INVITED BECAUSE IT WAS THOUGHT THEY WERE ESPECIALLY EXPERIENCED IN CONSTRUCTING PLANTS PRODUCING CLINKERS.

2. KC'S GENERAL MANAGER MOHAMAD YUSUF AL-ROUMI TOLD EMBOFF, NO US FIRMS WERE ORIGINALLY SELECTED BECAUSE IT WAS THEIR UNDERSTANDING MOST US CEMENT PLANTS ARE CONSTRUCTED BY EUROPEANS. AL-ROUMI ALSO EXPRESSED DOUBTS ABOUT FULLER'S CAPABILITY TO EXECUTE MORE THAN THE KILN TO PRODUCE CLINKER, AND THEY WISH ONE CONTRACTOR TO DO TURN-KEY ON ENTIRE PROJECT.

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PAGE 02 KUWAIT 01599 241349Z

3. EMBASSY HAS NO HARD DATA TO REFUTE AL-ROUMI'S CONTENTION, ALTHOUGH WE DUBIOUS THAT IN COUNTRY WITH RESOURCES OF US SEVERAL CAPABLE CONSTRUCTION FIRMS IN THIS FIELD CANNOT BE FOUND. IN ANY CASE, AL-ROUMI SAID WITH THE JUNE 1 DEADLINE ONLY SIX WEEKS AWAY, NO OTHER FIRMS WOULD BE ALLOWED TO PURCHASE THE TENDER DOCUMENTS WHICH COST KD250 (KD 1 EQUALS \$3.38).

4. AL-ROUMI, HOWEVER, DID EXPRESS CONSIDERABLE INTEREST IN THE POSSIBILITY OF KC PURCHASING AN ENTIRE PLANT ALREADY IN USE AND TRANSPORTING IT TO KUWAIT IF IT WERE LESS THAN 15 YEARS OLD. HE ALSO NOTED THAT A THIRD EXPANSION, PHASE WOULD FOLLOW ON HEELS OF PRESENT WORK.

5. ACTION REQUESTED: UNDER CIRCUMSTANCES IT APPEARS LITTLE WE CAN DO TO SECURE THIS CONTRACT FOR US FIRMS OTHER THAN FOLLOWING UP WITH FULLER AND EXPLORING UNLIKELY POSSIBILITY THAT WET CEMENT PLANT FITTING DESCRIPTION OUTLINED ABOVE WOULD BE AVAILABLE AT TIME WHEN THERE APPEARS TO BE A SERIOUS WORLD-WIDE SHORTAGE OF CEMENT. REQUEST COMMERCE CONTACT MR F.W. HORNER, PRESIDENT, THE FULLER CO, IN CATASQUA, PA AND EXPLORE WITH HIM COMPANY'S PRESENT INTEREST IN THIS PROJECT. WE WOULD APPRECIATE REPORT ON THEIR INTENTION.

6. COMMENT: WE KNOW ONE KEY BACKER OF PROJECT WHO VERY INTERESTED IN FULLER AND WISHES TO "QUIETLY" PUSH THEM FOR THE PROJECT. EMBASSY HAS BEEN REQUESTED BY KUWAITI TO DIRECTLY WRITE FULLER WHICH WE SHALL DO. MOREOVER, FULLER HAS SUBMITTED SAMPLES FOR A SMALLER PROJECT INVOLVING PRODUCTION OF AGGREGATES FOR CONCRETE WHICH KUWAIT CEMENT AND EIGHT OTHER LOCAL COMPANIES ARE BACKING. MANY HERE SEEMED PLEASED WITH FULLER'S SAMPLES AND EMBASSY WILL REPORT ON THIS IN SEPTEL. STOLTZFUS

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